

## Message Text

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ORIGIN EB-11

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

IO-14 GSA-02 SPC-03 AID-20 NSC-10 CIEP-02 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 L-03 H-03 INT-08 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 TAR-02 DODE-00 /241 R

DRAFTED BY EB/ISM:WPOLIK:JAG

APPROVED BY EB/ICD:JJINGERSOLL

EB/ISM:DFMEYERS

EA/ANP:HLANGE

COMMERCE:BCABP:JOWENS

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R 182239Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY WELLINGTON

INFO AMCONSUL AUCKLAND

AMEMBASSY CANBERRA

AMCONSUL SYDNEY

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E.O. 11652: N/A

TAGS: EIND, ETRD, NZ

SUBJECT: US FERROUS SCRAP EXPORTS

REF: A. STATE 234040

B. STATE 235452

C. A-9875, NOV. 30, 1973

1. NEW ZEALAND EMBASSY COMMERCIAL MINISTER HOLDEN VISITED

DEPT DEC 14 TO DISCUSS SCRAP IMPORT PROBLEM FACED BY NEW

ZEALAND STEEL CO. LTD. (NZSC). IN OCT 1973, NZSC ORDERED

27,400 SHORT TONS SCRAP FROM US EXPORTER, TO BE EXPORTED IN

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ONE SHIPMENT DURING JAN-MARCH 1974. SHIPMENT WAS TO BE IN

SPECIALIZED VESSEL SINCE THERE NO MAGNETIC CRANES FOR EFFICIENT SCRAP DISCHARGE AT DESTINATION. NZ SHARE OF FIRST QUARTER 1974 US SCRAP LICENSE QUOTA APPEARS TO BE IN AREA OF 5,130 SHORT TONS. SHIPMENT OF THIS SMALL QUANTITY ONLY WOULD RULE OUT USE OF SPECIAL VESSEL AND ADD TO SCRAP COSTS. HOLDEN INQUIRED WHETHER WOULD BE POSSIBLE FOR FULL 27,400 TONS ORDERED TO BE SHIPPED IN FIRST QUARTER. IF THIS NOT POSSIBLE, COULD LICENSE BE ISSUED FOR SHIPMENT FULL AMOUNT AT BEGINNING OF SECOND QUARTER? IN MAKING REQUEST, HOLDEN NOTED THAT EXISTING SCRAP STOCKS IN NEW ZEALAND PLUS EXPECTED COLLECTIONS SUFFICIENT ONLY TO MAINTAIN PRODUCTION UNTIL LATE APRIL.

2. DEPTOFF BRIEFED HOLDEN ON USG 1974 SCRAP EXPORT POLICY, AND EXPRESSED DOUBT RE POSSIBILITY OF EXPORTING FULL

27,400 TONS DURING FIRST QUARTER, NOTING THAT TRADITIONALLY FIRST QUARTER IS TIGHTEST IN TERMS OF US SCRAP AVAILABILITY, AND TIGHT SUPPLY SITUATION EARLY NEXT YEAR WILL BE ACCENTUATED BY SUBSTANTIAL OVERHANG OF LICENSED ORDERS NOT YET EXPORTED THAT WILL BE SHIPPED IN FIRST QUARTER. RE HOLDEN REQUEST THAT TONNAGE FROM CONTINGENCY RESERVE BE MADE AVAILABLE TO MEET NZ ORDER, DEPTOFF NOTED WE HAVE LONG AND GROWING LIST OF COUNTRIES, MAINLY LDCS, THAT HAVE REQUESTED CONTINGENCY RESERVE ALLOCATIONS TO MEET SPECIAL HARDSHIPS. THESE REQUESTS FOR SPECIAL TREATMENT FAR EXCEED LIMITED TONNAGE (100,000) AVAILABLE TO MEET SUCH CASES. DEPTOFF THUS DOUBTED LIKLIHOOD OF NZ OBTAINING ITS NEEDS FROM CONTINGENCY RESERVE. RE QUESTION OF LICENSING FULL AMOUNT FOR EXPORT AT BEGINNING OF SECOND QUARTER, DEPTOFF REPLIED THAT POLICY ESTABLISHED FOR FIRST QUARTER ONLY, AND THAT LARGE NUMBER UNCERTAINTIES (INCLUDING IMPACT OF ENERGY SHORTAGES ON SCRAP SUPPLY-DEMAND) PRECLUDED ANY COMMENT AT THIS TIME RE POSSIBILITY OF ALLOWING FULL SHIPMENT IN SECOND QUARTER AS REQUESTED.

3. DURING DISCUSSION, DEPTOFF INQUIRED WHETHER NZ HAD MADE ANY APPROACH TO POSSIBLE AUSTRALIAN SOURCES OF SCRAP. DEPTOFF NOTED THAT SHORTLY AFTER IMPOSITION US SCRAP LIMITED OFFICIAL USE

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CONTROLS IN EARLY JULY, AUSTRALIAN EMBOFF SPECULATED THAT AUSTRALIA MIGHT IMPOSE SCRAP EXPORT CONTROLS TO FORECLOSE POSSIBILITY OF AUSTRALIAN MARKET BEING SWAMPED WITH BUY ORDERS FROM JAPAN AND OTHER ASIAN SCRAP USERS. HOWEVER, WE HAD NO INFO ON WHETHER AUSTRALIAN EXPORT CONTROLS ACTUALLY IMPOSED. IN ANY CASE, IT MIGHT BE POSSIBLE FOR NZ TO ARRANGE EMERGENCY SHIPMENT AUSTRALIAN SCRAP TO MEET IMMEDIATE NEEDS. HOLDEN HAD NO DEFINITE WORD ON ANY NZ

APPROACHES TO AUSTRALIA FOR SCRAP, BUT SAID HE FAIRLY  
CONFIDENT THAT NZSC HAD EXPLORED POSSIBILITY OBTAINING  
SCRAP FROM AUSTRALIA AND OTHER POSSIBLE REGIONAL SOURCES.

4. HOLDEN ALSO SAID THAT NZSC VIEWS SITUATION SO SERIOUS  
THAT IT WILLING SEND SENIOR EXECUTIVE TO US NEXT WEEK FOR  
DISCUSSIONS WITH USG IF WE BELIEVED SUCH TALKS WOULD BE  
USEFUL. DEPTOFF DOUBTED THAT SUCH VISIT WOULD SERVE  
USEFUL PURPOSE AT THIS TIME.

5. HOLDEN ALSO LEFT LETTER OUTLINING PROBLEM, WHICH WE  
WILL CONSIDER. HOWEVER, AS NOTED ABOVE, IT UNLIKELY THAT  
WE WILL BE ABLE RESPOND AFFIRMATIVELY TO NZ REQUEST.  
COPIES OF LETTER BEING POUCHED ADDRESSEE POSTS. RUSH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, EXPORT QUOTAS, EXPORT LICENSES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 DEC 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973STATE246634  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** WPOLIK:JAG  
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**Errors:** N/A  
**Film Number:** n/a  
**From:** STATE  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1973/newtext/t19731218/aaaaamrb.tel  
**Line Count:** 129  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 234040  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 OCT 2001  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US FERROUS SCRAP EXPORTS  
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**To:** WELLINGTON  
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